



## *Harmonization of licences*

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## ***Treaty establishing the Energy Community***

***(Article 34) Chapter V of the Title III (Mechanism for operation of network energy markets)***

***“The Energy Community may take Measures concerning compatibility of market designs for the operation of Network Energy markets, as well as mutual recognition of licenses and Measures fostering free establishment of Network Energy companies.”***

Contracting Parties shall ensure **that all customers are entitled to have their electricity provided by a supplier, subject to the supplier's agreement, regardless of the Contracting Parties in which the supplier is registered**, as long as the supplier follows the applicable trading and balancing rules. In this regard, Contracting Parties shall take all measures necessary to ensure that administrative procedures do not discriminate against supply undertakings already registered in another Contracting Parties. (Directive 2009/72/EC, Article 3 - Public service obligations and customer protection), paragraph 4)

Proposal of the Winter Package:

Member States shall ensure that **all customers are free to purchase electricity from the supplier of their choice.**

- ***Generation; Transmission system operation (+ variants of supporting and related activities); Distribution system operation***
- ***Supply***
  - Wholesale supply (called also “trade”)
  - Retail supply, including different schemes of imposed PSO (supplier of vulnerable customers, supplier of last resort, default supplier)

## Cross border access to -

- *supplier established in any CP to be allowed to compete in the another CP's market,*
- *any customer to be allowed to choose supplier established in another CP.*

Precondition: supplier must respect trading and balancing rules  
in EnC: to respect specific (different) fiscal rules

### **1. Abolition of licenses**

### **2. Mutual recognition**

### **3. Reciprocity**

### **4. Light regime**

- Conditional licensing
- Streamlined procedure

# 1. Abolition of licenses



***Supplier is entitled to enter into the market under the conditions defined in the effective market and trading rules.***

- ***substantial administrative efforts needed to adjust the legal and regulatory arrangements***

***Wholesale supply - proved in practice ( subject to compliance with trading, balancing and fiscal rules)***

***Retail supply- additional requirements:***

- ***strict and simple procedure for rescue in the arrangements of supply of last resort;***
- ***additional safeguard to honour due payments to network operators for access and use of network (depending on design),***
- ***VAT arrangements / limited access to retail customers***
- ***....***

## *2. Mutual recognition of licenses*

### *measure envisaged in the EnC Treaty of 2006*

*Wholesale supply –subject to compliance with trading, balancing and fiscal rules*

*Retail supply - Multifold preconditions for mutual recognition*

#### *Harmonization of :*

- ✓ licensing procedure
- ✓ requirements and conditions
- ✓ monitoring procedures (examination of files, request for investigation)
- ✓ imposition of measures

#### *Information sharing / principles for access to information*

- ✓ Reporting obligations
- ✓ Confidentiality protection
- ✓ Procedures for exchange of information

#### *Enforcement of measures (competences and tools)*

#### *Other?*

### 3. Reciprocity

#### ***Based on bilateral agreements***

- ***foreign-based suppliers would not need to obtain a supply license if a CP where he is established has concluded a reciprocity agreement with the CP of intended operation***

***Only first stage in the preferred general mutual recognition***

***Applicable for wholesale and retail supply***

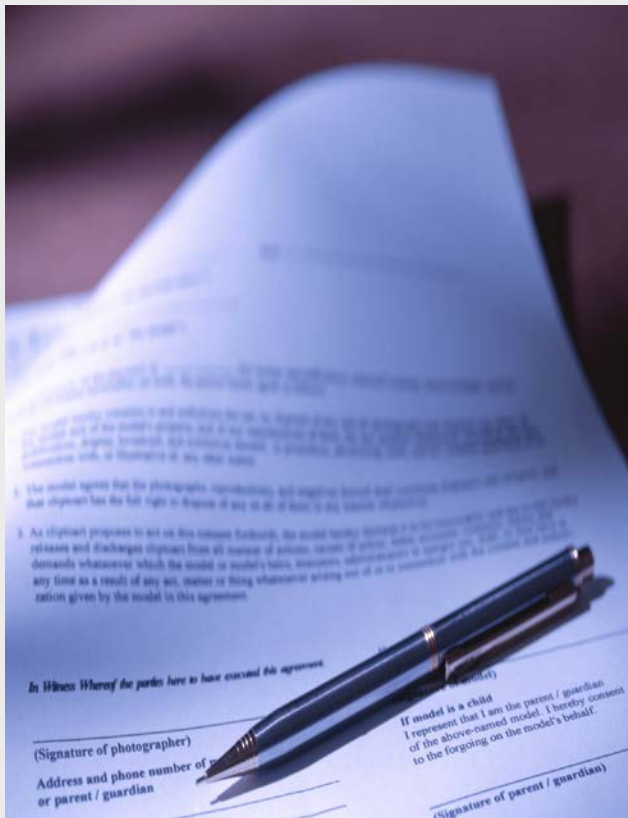
***Required all arrangements as for mutual recognition***

***[specifics for wholesale: the status of wholesale suppliers registered in CP where license is not required]***





## 4. Light regime



**Conditioned licensing.** - a supply license issued by a foreign regulatory authority would be accepted as valid under pre-defined criteria

**Streamlined procedure.** - a foreign-based suppliers obtain a supply license in a time- and cost-effective procedure where administrative procedures would be reduced to a minimum.

*[This regime gives most comfort to the regulatory authority and least changes in the existing structure, least administrative effort]*

## **Criteria:**

- ***Ease for new entrants - Market liquidity***
- ***Required administrative efforts to amend legal framework,***
- ***Regulatory practice with already established supervision and enforcement mechanisms in the CPs,***
- ***The need to adjust regulatory financing schemes***

## **Desired outcome:**

- ***Retail supply - mutual recognition of licenses***
- ***Wholesale supply – abolition of licenses***



**Thank you for your attention.**